

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 H-02 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 /056 W

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R 302210Z JUN 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 653

INFO USDA/FAS

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E.O. 11652: N/A

TAGS: ETRD, EAGR, CS

SUBJECT: HOUSE OF REPRESENTATIVES SUGAR HEARINGS AND
REQUIRED INFORMATION

REF: STATE 141876

1. FOLLOWING ARE RESPONSES TO CORRESPONDING LETTERED
QUESTIONS IN REFTEL. LIGA DE AZUCAR HAD PROMISAK MORE
DETAILS, BUT HAS NOT BEEN FORTHCOMING AS OF TODAY. IF
FURTHER INFORMATION IS RECEIVED, IT WILL BE FORWARDED.
(A) LIGA PROMISED TO PROVIDE DETAILS, BUT NOT YET
RECEIVED. BEST GUESS OF AGATT IS AROUND 10 CENTS BUT
COULD BE FEW CENTS HIGHER OR FEW LOWER.

(B) LOCAL MARKET VIRTUALLY ALL PLANTATION WHITE WHICH
IS FIXED AT MAXIMUM OF 9 CENTS PER LB. USING EXCHANGE
RATE OF COLONES 8.54 EQUALS \$1.00. REFINED SUGAR IS
FIXED AT 11 CENTS PER LB.

(C) TOTAL VALUE OF SUGAR EXPORTS IN 1974 WAS \$19,393,450
AND VOLUME WAS 69,166 METRIC TONS FOR A UNIT VALUE OF
\$280 PER METRIC TON OR 13 CENTS PER LB. ALL EXPORTS
WERE RAW SUGAR.

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(D) EXPORT PROJECTION BY AGATT FOR 1974-75 IS 90,000 SHORT TONS, FOR 1975-76, 110,000 TONS AND FOR 1979-80 175,000 TONS.

(E) THREE COASTAL MILLS BEGAN PROGRAMS A YEAR AGO TO DOUBLE PRODUCTION OVER 3 YEAR PERIOD. THEY ARE PROCEEDING ON SCHEDULE. THERE HAS BEEN TALK FOR OVER ONE YEAR OF INSTALLING A USED PUERTO RICAN MILL ON PACIFIC COAST. AT ONE TIME, PRICE WAS GIVEN AT \$1.4 MILLION FOR MILL, BUT COULD BE HIGHER NOW. CAPACITY THOUGHT TO BE AROUND 4,500 TONS. GOCR IS CURRENTLY CONDUCTING A STUDY TO REAPPRAISE SUGAR POLICY. OUTCOME COULD BE RECONSOLIDATION OF SOME MILLS ON CENTRAL PLATEAU. CURRENTLY, COUNTRY HAS 29 MILLS AND WITH TOTAL OUTPUT OF AROUND 200,000 TONS PER YEAR. THIS IS LESS THAN 7,000 TONS OF SUGAR PER MILL PER YEAR AND IMPLIES AN INEFFICIENT INDUSTRY EXCEPT THAT MANY MILLS ARE VERY OLD AND WERE AMORTIZED YEARS AGO. NEW SUGAR PORT OF PUNTA MORALES TO BE OPERATIONAL ANY DAY.

(F) LOCAL SOURCES CITE 7-9 PERCENT PER YEAR. HOWEVER THIS SEEMS UNREALISTIC. METHOD OF CALCULATION IS NOT BEST AS CONTRABAND TRADE PLUS INCREASING LOCAL INDUSTRIALIZATION OF SUGAR (LARGELY FOR EXPORT PRODUCTS) GETS INCLUDED IN DOMESTIC CONSUMPTION CALCULATION. APPARENT LOCAL PER CAPITA CONSUMPTION IS AROUND 113 LBS. AGATT FORECASTS FOLLOWING LEVELS OF DOMESTIC CONSUMPTION: 1974-75 - 108,800 SHORT TONS, 1975-76 - 113,000 TONS AND 1979-80 -125,000 TONS.

(G) WITH COCA COLA USA, COPY OF CONTRACT FORWARDED WITH AGATT REPORT CR 5024. THERE HAS BEEN TALK ABOUT POSSIBLE SALES TO KUWAIT AND IRAN, BUT NOTHING SIGNED TO DATE AND INFORMED SOURCE DOUBTS THAT ANY WILL BE DUE TO COSTA RICA'S FREIGHT DISADVANTAGE VIS-A-VIS OTHER POSSIBLE SUPPLIER.

(H) SEE A-234 PLUS AGATT REPORTS. GENERALLY, PRICE OF CANE TO PRODUCER FIXED BY LIGA DE AZUCAR, RETAIL PRICES FIXED BY MINISTRY OF ECONOMY; LIGA IS MONOPOLISTIC LIMITED OFFICIAL USE

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MARKETING AGENCY SUPERVISING ALL LOCAL SALES AND MAKES ALL EXPORT SALES. LIGA IS QUASI-GOVERNMENTAL.
TODMAN

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Message Attributes

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Decaption Note:
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Disposition Authority: greeneet
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Disposition Date: 28 MAY 2004
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